



Amy G. Rabinowitz
Counsel

March 24, 2005

Mary L. Cottrell, Secretary
Dept. of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: D.T.E. Docket 99-60, Investigation by the Department of Telecommunications and Energy on its own Motion into the Pricing and Procurement of Default Service Pursuant to G.L. c. 164, § 1B(d).

Dear Secretary Cottrell:

Massachusetts Electric Company and Nantucket Electric Company (collectively, the “Companies”) hereby submit the results of their most recent solicitation for Default Service and proposed retail rates for the Default Service pricing options resulting from the solicitation for the service period beginning May 1, 2005. I am also enclosing a motion for confidential treatment of the Company’s analysis of the default service bids and selected Power Supply Agreements, and am providing the confidential analysis and selected Power Supply Agreements themselves directly to Hearing Officer Jeanne Voveris.

On February 11, 2005, the Companies issued a Request for Power Supply Proposal (“RFP”) to supply the Companies’ Default Service needs. For the residential and commercial customer groups, this procurement covered fifty percent of the Companies’ Default Service supply needs for the period May 2005 through October 2005, and fifty percent of the Companies’ Default Service supply needs for the period November 2005 through April 2006. For the industrial customer group, this procurement covered the Companies’ entire Default Service supply needs for the period May 2005 through July 2005. The RFP sought fixed price proposals which could vary by calendar month for the residential customer group, commercial customer group, and industrial customer group. Additionally, bidders were required to provide Zone-specific bids for these three customer groups for each of the three Zones in which the Companies provide Default Service. The monthly retail Default Service prices by Zone for the periods May 2005 through October 2005 for residential and commercial Default Service and May 2005 through July 2005 for industrial Default Service resulting from the winning bids are contained in Attachment 1 to this letter. For the residential and commercial customer groups, the proposed Default Service rates represent an increase from the respective Default Service rates currently in effect. For the industrial customer group, the proposed rates represent an increase from today’s rates in the SEMA and NEMA Zones and a decrease in the WCMA Zone.

Consistent with the Companies' Default Service rates currently in effect, the proposed Default Service rates contained in this filing include an estimate of the costs associated with the Companies' compliance with the Massachusetts Renewable Portfolio Standards ("RPS") that became effective on January 1, 2003. As set forth in the confidential analysis, the Companies are procuring RPS compliant certificates for the majority of their Default Service load as part of this Default Service solicitation. A portion of the Companies' Default Service procurement does not include the purchase of RPS compliance certificates because the Companies considered the RPS costs included by the suppliers in their bids to be above market. In the past, the Department has preferred to include in Default Service rates a level of RPS that was indicative of the market for RPS. Therefore, the Companies have included in their Default Service rates the value of RPS included in the winning bids for the entire Default Service load RPS obligation. The Companies believe that the RPS procurement cost for a portion of its Default Service load is a reasonable proxy for the cost associated with its total Default Service load covered by this solicitation.

In the Companies' March 9, 2005 letter to the Department, the Companies informed the Department that they would be asking bidders to provide proposals that exclude capacity market costs for the January 2006 through April 2006 period. Consistent with that letter, for the January 2006 through April 2006 period, the delivered energy prices do not include any capacity costs. The Companies will reimburse the suppliers for their actual costs to satisfy the capacity obligation, subject to a market cap. As stated in the letter, the Companies will make a filing with the Department at the appropriate time proposing Default Service rates that include an estimate of the capacity market costs for this period.

Attachment 2 contains the Companies' calculation of the Default Service rates for the six-month fixed price option for the residential and commercial customer groups, and the three-month fixed price option for the industrial customer group. Attachment 2 also contains the calculation of the monthly weighted-average Default Service rate for the Variable Price Option for the residential and commercial customer groups on pages 7 and 8. Because bids for these two groups were obtained by Zone, the Companies calculated a monthly weighted-average rate across the three Zones in order to arrive at one Default Service rate per month for the Variable Price Option. These six monthly weighted-average Default Service rates then become the basis for the proposed rate for the Fixed Price Option. This calculation is not necessary for the industrial customer group, whose Default Service rate is unique for each Zone. Attachment 3 includes the revised tariff supplement to the Companies' Tariff for Default Service¹, containing the proposed fixed and variable Default Service rates for the periods May 2005 through October 2005 for the residential and commercial customer groups and May 2005 through July 2005 for the industrial customer group. The Companies are proposing that these rates become effective for usage on and after May 1, 2005.

As noted above, this procurement covers fifty percent of the residential and commercial Default Service supply needs for the period May 2005 through April 2006. Due to uncertainty about legislation following the end of the Standard Offer period, one supplier agreed to provide Default Service supply with a contract term that in general requires the parties to adjust the

¹ Both Companies' Tariff for Default Service is M.D.T.E. No. 1041.

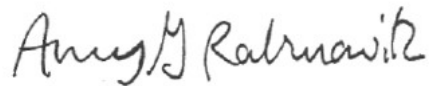
Mary L. Cottrell
March 24, 2005
Page 3

supplier's compensation if there is a change in the law that affects the suppliers' rights and obligations to provide supply for customers that otherwise would be Default Service customers but were not because of the change in law. I am attaching redacted copies of these agreements as Attachment 4, and am providing unredacted copies directly to Hearing Officer Jeanne Voveris.

The Offer of Settlement pending before the Department in dockets D.T.E. 03-88-A through F sets forth proposed adjustments to Default Service rates. The deadline for Department action on that Offer of Settlement has been postponed from February 18, 2005 to March 31, 2005. The proposed Default Service rates set forth in this filing do not include the adjustments proposed in the Offer of Settlement. Should the Department wish to have the Companies re-file Default Service rates which include the Companies' adjustments following approval of the Offer of Settlement, the Companies can do so, but will require a waiver of the Department's notice requirement, set forth in D.T.E. 99-60-C, that the Companies provide electronic notice of Default Service rates thirty days prior to their effective date.

Thank you very much for your time and attention to the Companies' filing.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Amy G. Rabinowitz". The signature is fluid and cursive, with the first name "Amy" and last name "Rabinowitz" clearly distinguishable.

Amy G. Rabinowitz

cc: DTE 99-60 Service List

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

_____)	
Investigation by the Department of)	
Telecommunications and Energy on its)	D.T.E. 99-60
own motion into the Pricing and)	
Procurement of Default Service)	
Pursuant to G.L. c. 164, §1B(d))	
_____)	

**Motion of Massachusetts Electric Company and Nantucket Electric Company
For Confidential Treatment**

Pursuant to Mass. Gen. Laws c. 25, §5D, Massachusetts Electric Company and Nantucket Electric Company (collectively “Companies”) hereby move for confidential treatment of (1) the analysis of default service bids that the Companies received in response to their Request for Power Supply Proposal (“RFP”) requesting bids for the service period commencing May 1, 2005, and (2) two supply contracts that the Companies entered into for default service supply needs for the service period commencing May 1, 2005.

The data contained in the rankings constitutes sensitive proprietary information. Protecting this information from public disclosure is in the public interest because disclosure would make public all of the competitive bids received in the RFP process. Although participants understood that the resulting rates would be tied to the Companies’ supply contract prices, the disclosure of all of the competing bids could have adverse competitive effects on future bids for default service, not only for the Companies, but also for other utilities in the state that will need to seek bids for default service.

Similarly, the exact terms under which the Companies agreed to purchase default service supply needs for the period commencing May 1, 2005 are sensitive proprietary information. The disclosure of the two supply contracts could have adverse competitive effects on future bids and contracts for default service, not only for the Companies, but also for other utilities in the state that will need to seek bids and enter into contracts for default service. The Companies are providing redacted, non-confidential versions of these two supply contracts to the Department in their March 24, 2005 filing in this docket.

Respectfully submitted,
MASSACHUSETTS ELECTRIC COMPANIES
NANTUCKET ELECTRIC COMPANIES
By their attorney,

A handwritten signature in dark ink, reading "Amy G. Rabinowitz". The signature is written in a cursive, flowing style.

Amy G. Rabinowitz
25 Research Drive
Westboro, MA 01582

Dated: March 24, 2005

CERTIFICATE OF SERVICE

I hereby certify that on March 24, 2005, I served a copy of the Motion of Massachusetts Electric Company and Nantucket Electric Company for Confidential Treatment on the Service List in D.T.E. 99-60 by personal delivery or first class mail.

Signed under the pains and penalties of perjury



Amy G. Rabinowitz
Attorney for Massachusetts Electric Companies and
Nantucket Electric Companies

Dated: March 24, 2005

ATTACHMENT 1

**Massachusetts Electric Company
Nantucket Electric Company**

**Default Service Prices (cents per kWh at retail)
Residential & Commercial: May 2005- October 2005
Industrial: May 2005 - July 2005**

Power Supply and RPS

Customer Group	Contract Month Calendar Month Year	1	2	3	4	5	6
		5	6	7	8	9	10
		2005	2005	2005	2005	2005	2005
Residential	SEMA	6.554	6.897	7.468	7.408	6.626	6.507
	WCMA	6.780	7.132	7.712	7.656	6.854	6.734
	NEMA	7.010	7.282	7.576	7.841	7.036	7.025
	Portion of load served	100%	100%	100%	100%	100%	100%
Commercial	SEMA	6.736	7.042	7.667	7.664	6.768	6.613
	WCMA	6.762	7.079	7.721	7.713	6.789	6.624
	NEMA	6.946	7.276	7.883	7.967	6.936	6.893
	Portion of load served	100%	100%	100%	100%	100%	100%
Industrial	SEMA	7.226	7.455	8.114	n/a	n/a	n/a
	WCMA	7.289	7.603	8.210	n/a	n/a	n/a
	NEMA	7.363	7.661	8.247	n/a	n/a	n/a
	Portion of load served	100%	100%	100%	n/a	n/a	n/a

Footnotes

1) Monthly prices calculated as the sum of the average cost of supply (converted to retail delivery) and provided in a confidential submission under separate cover plus the average estimated cost of RPS (converted to retail delivery) and provided in a confidential submission under separate cover).

ATTACHMENT 2

**Massachusetts Electric Company
Nantucket Electric Company**

Summary of Proposed Default Service Charges Excluding DTE 03-88E Adjustments for Default Service Cost Recovery
May 2005 - October 2005

		Zonal Default Service Charges					Commercial (Streetlights) (f)
		Residential	Commercial	NEMA	SEMA	WCMA	
		(R-1, R-2, R-4, E)	(G-1)	Industrial	Industrial	Industrial	
		(a)	(b)	(G-2, G-3)	(G-2, G-3)	(G-2, G-3)	
				(c)	(d)	(e)	
<u>Section 1: Variable Default Service Charges, ¢/kWh</u>							
(1)	May 2005	6.765	6.803	7.363	7.226	7.289	6.803
(2)	June 2005	7.094	7.120	7.661	7.455	7.603	7.120
(3)	July 2005	7.600	7.748	8.247	8.114	8.210	7.748
(4)	Augusst 2005	7.623	7.765	n/a	n/a	n/a	7.765
(5)	Septembr 2005	6.826	6.821	n/a	n/a	n/a	6.821
(6)	October 2005	6.734	6.691	n/a	n/a	n/a	6.691
<u>Section 2: Fixed Default Service Charge, ¢/kWh</u>							
(7)	May 2005 - October 2005	7.143	7.178				7.178
	May 2005 - July 2005			7.772	7.613	7.716	

(1)	R-1,R-2,R-4: Page 2, Line (8), Column (a) G-1: Page 3, Line (8), Column (a) NEMA G-2,G-3: Page 4, Line (8), Column (a) SEMA G-2,G-3: Page 5, Line (8), Column (a) WCMA G-2,G-3: Page 6, Line (8), Column (a) Streetlights: Page 3, Line (8), Column (a)	(5)	R-1,R-2,R-4: Page 2, Line (8), Column (e) G-1: Page 3, Line (8), Column (e) NEMA G-2,G-3: Page 4, Line (8), Column (e) SEMA G-2,G-3: Page 5, Line (8), Column (e) WCMA G-2,G-3: Page 6, Line (8), Column (e) Streetlights: Page 3, Line (8), Column (e)
(2)	R-1,R-2,R-4: Page 2, Line (8), Column (b) G-1: Page 3, Line (8), Column (b) NEMA G-2,G-3: Page 4, Line (8), Column (b) SEMA G-2,G-3: Page 5, Line (8), Column (b) WCMA G-2,G-3: Page 6, Line (8), Column (b) Streetlights: Page 3, Line (8), Column (b)	(6)	R-1,R-2,R-4: Page 2, Line (8), Column (f) G-1: Page 3, Line (8), Column (f) NEMA G-2,G-3: Page 4, Line (8), Column (f) SEMA G-2,G-3: Page 5, Line (8), Column (f) WCMA G-2,G-3: Page 6, Line (8), Column (f) Streetlights: Page 3, Line (8), Column (f)
(3)	R-1,R-2,R-4: Page 2, Line (8), Column (c) G-1: Page 3, Line (8), Column (c) NEMA G-2,G-3: Page 4, Line (8), Column (c) SEMA G-2,G-3: Page 5, Line (8), Column (c) WCMA G-2,G-3: Page 6, Line (8), Column (c) Streetlights: Page 3, Line (8), Column (c)	(7)	R-1,R-2,R-4: Page 2, Line (10), Column (g) G-1: Page 3, Line (10), Column (g) NEMA G-2,G-3: Page 4, Line (10), Column (g) SEMA G-2,G-3: Page 5, Line (10), Column (g) WCMA G-2,G-3: Page 6, Line (10), Column (g) Streetlights: Page 3, Line (10), Column (g)
(4)	R-1,R-2,R-4: Page 2, Line (8), Column (d) G-1: Page 3, Line (8), Column (d) NEMA G-2,G-3: Page 4, Line (8), Column (d) SEMA G-2,G-3: Page 5, Line (8), Column (d) WCMA G-2,G-3: Page 6, Line (8), Column (d) Streetlights: Page 3, Line (8), Column (d)		

**Massachusetts Electric Company
Nantucket Electric Company**
Residential Fixed Default Service Charge
(Rates R-1, R-2, R-4 and E)
Based on Weighted Average Effective Default Service Prices
May 2005 - October 2005

Section 1: Percentage of Residential kWhs Attributable to Default Service

(1)	February 2005 Residential Default Service and Standard Offer kWhs	792,798,468
(2)	February 2005 Total Residential kWhs	798,554,556
(3)	Percentage of Residential Default Service and Standard Offer kWhs to Total Residential kWhs	99.28%

Section 2: Projected Residential Default Service kWhs, May 2005 - October 2005

	2005 May (a)	June (b)	July (c)	August (d)	September (e)	October (f)	Total (g)
(4)	Projected Total Company Residential kWhs	579,104,754	607,703,341	719,226,631	827,818,571	744,256,128	588,121,446 4,066,230,871
(5)	Percentage of Residential Default Service and Standard Offer kWhs to Total Residential kWhs	<u>99.28%</u>	<u>99.28%</u>	<u>99.28%</u>	<u>99.28%</u>	<u>99.28%</u>	<u>99.28%</u>
(6)	Projected Residential Default Service kWhs	574,930,490	603,322,934	714,042,349	821,851,544	738,891,430	583,882,188 4,036,920,935

Section 3: Weighted Average Residential Default Service Charge for May 2005 - October 2005

(7)	Projected Residential Default Service kWhs	574,930,490	603,322,934	714,042,349	821,851,544	738,891,430	583,882,188 4,036,920,935
(8)	Total Estimated Residential Default Service Price per kWh	<u>\$0.06765</u>	<u>\$0.07094</u>	<u>\$0.07600</u>	<u>\$0.07623</u>	<u>\$0.06826</u>	<u>\$0.06734</u>
(9)	Projected Residential Default Service Cost, May 2005 - October 2005	\$38,894,048	\$42,799,729	\$54,267,219	\$62,649,743	\$50,436,729	\$39,318,627 <u>\$288,366,094</u>
(10)	Weighted Average Residential Default Service Charge, Fixed Price Option, for May 2005 - October 2005						\$0.07143
(11)	Currently Effective Residential Default Service Charge						\$0.07093
(12)	Proposed Increase to Residential Default Service Charge, Fixed Price Option						\$0.00050

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- (1) Per February 2005 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates R-1, R-2, R-4 and E); includes Standard Offer kWh in order to estimate Default Service kWh after the end of the Standard Offer period.
- (2) Per February 2005 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates R-1, R-2, R-4 and E)
- (3) Line (1) ÷ Line (2)
- (4) Per Company forecast for residential rates (Rates R-1, R-2, R-4 and E)
- (5) Line (3)
- (6) Line (4) x Line (5)
- (7) Line (6)
- (8) Page 7, Line (11)
- (9) Line (7) x Line (8)
- (10) Line (9) total ÷ Line (7) total, truncated after 5 decimal places
- (11) Per Company tariff
- (12) Line (10) - Line (11)

**Massachusetts Electric Company
Nantucket Electric Company**
Commercial Fixed Default Service Charge
(Rates G-1 and Streetlights)
Based on Weighted Average Effective Default Service Prices
May 2005 - October 2005

Section 1: Percentage of Commercial kWhs Attributable to Default Service

(1)	February 2005 Commercial Default Service and Standard Offer kWhs	169,086,759
(2)	February 2005 Total Commercial kWhs	191,097,941
(3)	Percentage of Commercial Default Service and Standard Offer kWhs to Total Commercial kWhs	88.48%

Section 2: Projected Commercial Default Service kWhs, May 2005 - October 2005

	2005 May (a)	June (b)	July (c)	August (d)	September (e)	October (f)	Total (g)
(4)	Projected Total Company Commercial kWhs	164,774,327	170,218,796	192,452,125	199,636,220	195,725,529	1,096,415,472
(5)	Percentage of Commercial Default Service and Standard Offer kWhs to Total Commercial kWhs	<u>88.48%</u>	<u>88.48%</u>	<u>88.48%</u>	<u>88.48%</u>	<u>88.48%</u>	
(6)	Projected Commercial Default Service kWhs	145,795,171	150,612,531	170,284,964	176,641,576	173,181,329	970,127,348

Section 3: Weighted Average Commercial Default Service Charge for May 2005 - October 2005

(7)	Projected Commercial Default Service kWhs	145,795,171	150,612,531	170,284,964	176,641,576	173,181,329	153,611,777	970,127,348
(8)	Total Estimated Commercial Default Service Price per kWh	<u>\$0.06803</u>	<u>\$0.07120</u>	<u>\$0.07748</u>	<u>\$0.07765</u>	<u>\$0.06821</u>	<u>\$0.06691</u>	
(9)	Projected Commercial Default Service Cost, May 2005 - October 2005	\$9,918,445	\$10,723,612	\$13,193,679	\$13,716,218	\$11,812,698	\$10,278,164	<u>\$69,642,818</u>
(10)	Weighted Average Commercial Default Service Charge, Fixed Price Option, for May 2005 - October 2005							\$0.07178
(11)	Currently Effective Commercial Default Service Charge							\$0.06822
(12)	Proposed Increase to Commercial Default Service Charge, Fixed Price Option							\$0.00356

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- (1) Per February 2005 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates G-1 and Streetlights); includes Standard Offer kWh in order to estimate Default Service kWh after the end of the Standard Offer period.
- (2) Per February 2005 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates G-1 and Streetlights)
- (3) Line (1) ÷ Line (2)
- (4) Per Company forecast
- (5) Line (3)
- (6) Line (4) x Line (5)
- (7) Line (6)
- (8) Page 8, Line (11)
- (9) Line (7) x Line (8)
- (10) Line (9) total ÷ Line (7) total, truncated after 5 decimal places
- (11) Per Company tariff
- (12) Line (10) - Line (11)

**Massachusetts Electric Company
Nantucket Electric Company**
NEMA Industrial Fixed Default Service Charge
(Rates G-2 and G-3)
Based on Weighted Average Effective Default Service Prices
May 2005 - July 2005

Section 1: Percentage of Industrial kWhs Attributable to Default Service in NEMA

(1)	February 2005 Industrial Default Service and Standard Offer kWhs in the NEMA Zone	93,735,425
(2)	February 2005 Total Industrial kWhs	882,454,949
(3)	Percentage of NEMA Industrial Default Service and Standard Offer kWhs to Total Industrial kWhs	10.62%

Section 2: Projected NEMA Industrial Default Service kWhs, May 2004 - July 2005

		2005			
		<u>May</u>	<u>June</u>	<u>July</u>	<u>Total</u>
		(a)	(b)	(c)	(g)
(4)	Projected Total Company Industrial kWhs	896,922,114	929,945,711	989,900,856	2,816,768,681
(5)	Percentage of NEMA Industrial Default Service and Standard Offer kWhs to Total Industrial kWhs	<u>10.62%</u>	<u>10.62%</u>	<u>10.62%</u>	
(6)	Projected NEMA Industrial Default Service kWhs	95,272,145	98,779,951	105,148,458	299,200,554

Section 3: Weighted Average NEMA Industrial Default Service Charge for May 2005 - July 2005

(7)	Projected NEMA Industrial Default Service kWhs	95,272,145	98,779,951	105,148,458	299,200,554
(8)	Total Estimated NEMA Industrial Default Service Price per kWh	<u>\$0.07363</u>	<u>\$0.07661</u>	<u>\$0.08247</u>	
(9)	Projected NEMA Industrial Default Service Cost, May 2005 - July 2005	\$7,014,888	\$7,567,532	\$8,671,593	<u>\$23,254,013</u>
(10)	Weighted Average NEMA Industrial Default Service Charge, Fixed Price Option, for May 2005 - July 2005				\$0.07772
(11)	Currently Effective NEMA Industrial Default Service Charge, Fixed Price Option				\$0.07599
(12)	Proposed Increase to NEMA Industrial Default Service Charge, Fixed Price Option				\$0.00173

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- (1) Per Company billing records based upon Load Zone designation for each customer account
(2) February 2005 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates G-2 and G-3)
(3) Line (1) ÷ Line (2)
(4) Per Company forecast
(5) Line (3)
(6) Line (4) x Line (5)
(7) Line (6)
(8) Attachment 1, Industrial
(9) Line (7) x Line (8)
(10) Line (9) total ÷ Line (7) total, truncated after 5 decimal places
(11) Per Company tariff
(12) Line (10) - Line (11)

**Massachusetts Electric Company
Nantucket Electric Company**
SEMA Industrial Fixed Default Service Charge
(Rates G-2 and G-3)
Based on Weighted Average Effective Default Service Prices
May 2005 - July 2005

Section 1: Percentage of Industrial kWhs Attributable to Default Service in SEMA

(1)	February 2005 Industrial Default Service and Standard Offer kWhs in the SEMA Zone	134,560,316
(2)	February 2005 Total Industrial kWhs	882,454,949
(3)	Percentage of SEMA Industrial Default Service and Standard Offer kWhs to Total Industrial kWhs	15.25%

Section 2: Projected SEMA Industrial Default Service kWhs, May 2005 - July 2005

		2005 <u>May</u> (a)	<u>June</u> (b)	<u>July</u> (c)	<u>Total</u> (g)
(4)	Projected Total Company Industrial kWhs	896,922,114	929,945,711	989,900,856	2,816,768,681
(5)	Percentage of SEMA Industrial Default Service and Standard Offer kWhs to Total Industrial kWhs	<u>15.25%</u>	<u>15.25%</u>	<u>15.25%</u>	
(6)	Projected SEMA Industrial Default Service kWhs	136,766,328	141,801,900	150,944,104	429,512,333

Section 3: Weighted Average SEMA Industrial Default Service Charge for May 2005 - July 2005

(7)	Projected SEMA Industrial Default Service kWhs	136,766,328	141,801,900	150,944,104	429,512,333
(8)	Total Estimated SEMA Industrial Default Service Price per kWh	<u>\$0.07226</u>	<u>\$0.07455</u>	<u>\$0.08114</u>	
(9)	Projected SEMA Industrial Default Service Cost, May 2005 - July 2005	\$9,882,735	\$10,571,332	\$12,247,605	<u>\$32,701,671</u>
(10)	Weighted Average SEMA Industrial Default Service Charge, Fixed Price Option, for May 2005 - July 2005				\$0.07613
(11)	Currently Effective SEMA Industrial Default Service Charge, Fixed Price Option				\$0.07421
(12)	Proposed Increase to SEMA Industrial Default Service Charge, Fixed Price Option				\$0.00192

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- (1) Per Company billing records based upon Load Zone designation for each customer account
(2) February 2005 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates G-2 and G-3)
(3) Line (1) ÷ Line (2)
(4) Per Company forecast
(5) Line (3)
(6) Line (4) x Line (5)
(7) Line (6)
(8) Attachment 1, Industrial
(9) Line (7) x Line (8)
(10) Line (9) total ÷ Line (7) total, truncated after 5 decimal places
(11) Per Company tariff
(12) Line (10) - Line (11)

**Massachusetts Electric Company
Nantucket Electric Company**
WCMA Industrial Fixed Default Service Charge
(Rates G-2 and G-3)
Based on Weighted Average Effective Default Service Prices
May 2005 - July 2005

Section 1: Percentage of Industrial kWhs Attributable to Default Service in WCMA

(1)	February 2005 Industrial Default Service and Standard Offer kWhs in the WCMA Zone	236,641,800
(2)	February 2005 Total Industrial kWhs	882,454,949
(3)	Percentage of WCMA Industrial Default Service and Standard Offer kWhs to Total Industrial kWhs	26.82%

Section 2: Projected WCMA Industrial Default Service kWhs, May 2005 - July 2005

		2005			
		<u>May</u>	<u>June</u>	<u>July</u>	<u>Total</u>
		(a)	(b)	(c)	(g)
(4)	Projected Total Company Industrial kWhs	896,922,114	929,945,711	989,900,856	2,816,768,681
(5)	Percentage of WCMA Industrial Default Service and Standard Offer kWhs to Total Industrial kWhs	<u>26.82%</u>	<u>26.82%</u>	<u>26.82%</u>	
(6)	Projected WCMA Industrial Default Service kWhs	240,521,359	249,377,067	265,454,821	755,353,247

Section 3: Weighted Average WCMA Industrial Default Service Charge for May 2005 - July 2005

(7)	Projected WCMA Industrial Default Service kWhs	240,521,359	249,377,067	265,454,821	755,353,247
(8)	Total Estimated WCMA Industrial Default Service Price per kWh	<u>\$0.07289</u>	<u>\$0.07603</u>	<u>\$0.08210</u>	
(9)	Projected WCMA Industrial Default Service Cost, May 2005 - July 2005	\$17,531,602	\$18,960,138	\$21,793,841	<u>\$58,285,581</u>
(10)	Weighted Average WCMA Industrial Default Service Charge, Fixed Price Option, for May 2005 - July 2005				\$0.07716
(11)	Currently Effective WCMA Industrial Default Service Charge, Fixed Price Option				\$0.07745
(12)	Proposed Decrease to WCMA Industrial Default Service Charge, Fixed Price Option				(\$0.00029)

-
- (1) Per Company billing records based upon Load Zone designation for each customer account
(2) February 2005 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates G-2 and G-3)
(3) Line (1) ÷ Line (2)
(4) Per Company forecast
(5) Line (3)
(6) Line (4) x Line (5)
(7) Line (6)
(8) Attachment 1, Industrial
(9) Line (7) x Line (8)
(10) Line (9) total ÷ Line (7) total, truncated after 5 decimal places
(11) Per Company tariff
(12) Line (10) - Line (11)

Massachusetts Electric Company
Nantucket Electric Company
Calculation of Monthly Weighted Average Default Service Prices
Residential Class
(Rates R-1, R-2, R-4 and E)
May 2005 - October 2005

Section 1: Percentage of Residential kWhs Attributable to Default Service in Each Zone

		<u>kWhs</u>	<u>Percent</u>
(1)	February 2005 Residential Default Service and Standard Offer kWhs	792,798,468	
(2)	February 2005 NEMA Residential Default Service and Standard Offer kWhs	197,983,851	24.97%
(3)	February 2005 SEMA Residential Default Service nad Standard Offer kWhs	253,936,459	32.03%
(4)	February 2005 WCMA Residential Default Service and Standard Offer kWhs	340,878,158	43.00%

Section 2: Calculation of Monthly Weighted Average Default Service Prices

		2005 <u>May</u> (a)	<u>June</u> (b)	<u>July</u> (c)	<u>August</u> (d)	<u>September</u> (e)	<u>October</u> (f)
(5)	Monthly NEMA Price	\$0.07010	\$0.07282	\$0.07576	\$0.07841	\$0.07036	\$0.07025
(6)	NEMA Percentage	24.97%	24.97%	24.97%	24.97%	24.97%	24.97%
(7)	Monthly SEMA Price	\$0.06554	\$0.06897	\$0.07468	\$0.07408	\$0.06626	\$0.06507
(8)	SEMA Percentage	32.03%	32.03%	32.03%	32.03%	32.03%	32.03%
(9)	Monthly WCMA Price	\$0.06780	\$0.07132	\$0.07712	\$0.07656	\$0.06854	\$0.06734
(10)	WCMA Percentage	43.00%	43.00%	43.00%	43.00%	43.00%	43.00%
(11)	Weighted Average Default Service Price	\$0.06765	\$0.07094	\$0.07600	\$0.07623	\$0.06826	\$0.06734

- (1) Page 2, Line (1)
- (2) Per Company billing records based upon Load Zone designation for each customer account
- (3) Per Company billing records based upon Load Zone designation for each customer account
- (4) Per Company billing records based upon Load Zone designation for each customer account
- (5) Attachment 1, Residential
- (6) Line (2)
- (7) Attachment 1, Residential
- (8) Line (3)
- (9) Attachment 1, Residential
- (10) Line (4)
- (11) Line (5) x Line (6) + Line (7) x Line (8) + Line (9) x Line (10), rounded after 5 decimal places

Massachusetts Electric Company
Nantucket Electric Company
Calculation of Monthly Weighted Average Default Service Prices
Commercial Class
(Rates G-1 and Streetlights)
May 2005 - October 2005

Section 1: Percentage of Commercial kWhs Attributable to Default Service in Each Zone

		<u>kWhs</u>	<u>Percent</u>
(1)	February 2005 Commercial Default Service and Standard Offer kWhs	169,086,759	
(2)	February 2005 NEMA Commercial Default Service and Standard Offer kWhs	44,225,174	26.16%
(3)	February 2005 SEMA Commercial Default Service and Standard Offer kWhs	48,379,862	28.61%
(4)	February 2005 WCMA Commercial Default Service and Standard Offer kWhs	76,481,723	45.23%

Section 2: Calculation of Monthly Weighted Average Default Service Prices

		2005 <u>May</u> (a)	<u>June</u> (b)	<u>July</u> (c)	<u>August</u> (d)	<u>September</u> (e)	<u>October</u> (f)
(5)	Monthly NEMA Price	\$0.06946	\$0.07276	\$0.07883	\$0.07967	\$0.06936	\$0.06893
(6)	NEMA Percentage	26.16%	26.16%	26.16%	26.16%	26.16%	26.16%
(7)	Monthly SEMA Price	\$0.06736	\$0.07042	\$0.07667	\$0.07664	\$0.06768	\$0.06613
(8)	SEMA Percentage	28.61%	28.61%	28.61%	28.61%	28.61%	28.61%
(9)	Monthly WCMA Price	\$0.06762	\$0.07079	\$0.07721	\$0.07713	\$0.06789	\$0.06624
(10)	WCMA Percentage	45.23%	45.23%	45.23%	45.23%	45.23%	45.23%
(11)	Weighted Average Default Service Price	\$0.06803	\$0.07120	\$0.07748	\$0.07765	\$0.06821	\$0.06691

- (1) Page 3, Line (1)
(2) Per Company billing records based upon Load Zone designation for each customer account
(3) Per Company billing records based upon Load Zone designation for each customer account
(4) Per Company billing records based upon Load Zone designation for each customer account
(5) Attachment 1, Commercial
(6) Line (2)
(7) Attachment 1, Commercial
(8) Line (3)
(9) Attachment 1, Commercial
(10) Line (4)
(11) Line (5) x Line (6) + Line (7) x Line (8) + Line (9) x Line (10), rounded after 5 decimal places

ATTACHMENT 3

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY

SUPPLEMENT TO TARIFF FOR DEFAULT SERVICE

FOR THE PERIOD MAY 2005 THROUGH OCTOBER 2005

In accordance with the terms of the Tariff for Default Service, the rates for Default Service for customers receiving such service from the Company, are as follows. All rates will be applied as a uniform ¢ per kWh charge, for usage on and after the first day of each calendar month.

	Rate Tariff					
	<u>R-1, R-2</u> <u>R-4, E</u>	<u>G-1</u>	<u>G-2, G-3</u>			<u>S-1, S-2</u> <u>S-3, S-5, S-20</u>
			<u>SEMA</u>	<u>WCMA</u>	<u>NEMA</u>	
Fixed Price Option:	7.143¢	7.178¢	7.613¢	7.716¢	7.772¢	7.178¢
Variable Price Option:						
May 2005	6.765¢	6.803¢	7.226¢	7.289¢	7.363¢	6.803¢
June 2005	7.094¢	7.120¢	7.455¢	7.603¢	7.661¢	7.120¢
July 2005	7.600¢	7.748¢	8.114¢	8.210¢	8.247¢	7.748¢
August 2005	7.623¢	7.765¢	n/a	n/a	n/a	7.765¢
September 2005	6.826¢	6.821¢	n/a	n/a	n/a	6.821¢
October 2005	6.734¢	6.691¢	n/a	n/a	n/a	6.691¢

The Fixed Price Option for Residential and Commercial customer groups (R-1, R-2, R-4, E, G-1, S-1, S-2, S-3, S-5, S-20) is effective for the period May 1, 2005 through October 31, 2005. The Fixed Price Option for the Industrial customer group (G-2, G-3) is effective for the period May 1, 2005 through July 31, 2005.

Effective: May 1, 2005

ATTACHMENT 4

MASTER POWER AGREEMENT

This **MASTER POWER AGREEMENT** ("Master Power Agreement") is dated as of March 16, 2005 (the "Effective Date") and is by and between **MASSACHUSETTS ELECTRIC COMPANY**, a Massachusetts corporation ("Buyer"), and ("Seller"). The Buyer and Seller are referred to herein individually as a "Party" and collectively as the "Parties."

ARTICLE 1. BASIC UNDERSTANDINGS

Seller and Buyer have agreed to execute this Master Power Agreement in order to establish the basic terms of Seller's provision and sale of, and Buyer's acceptance and purchase of, Default Service. This Master Power Agreement, together with the Appendices and written supplements (including any Confirmations) hereto, and any designated collateral, credit support or margin agreement or similar arrangement between the Parties regarding the Transactions (as defined in Article 2), shall be referred to as the "Agreement" and shall constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter but specifically excluding written agreements executed by the Parties prior to the Effective Date.

ARTICLE 2. DEFINITIONS

ARTICLE 3. TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS

Section 3.1 Term

The term of this Master Power Agreement (the "Term") shall commence on the Effective Date and shall remain in effect until terminated by either Party upon thirty (30) days' prior written notice; provided, however, that such termination shall not affect or excuse the performance of either Party under any provision of this Master Power Agreement that by its terms survives any such termination and, provided further, that this Master Power Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s), or such Transaction(s) have been terminated under Section 7.2 of this Master Power Agreement. As of the termination of this Master Power Agreement, subject to the immediately foregoing sentence, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Master Power Agreement before such expiration or termination or (b) that such terms and provisions expressly or by their operation survive the termination or expiration of this Master Power Agreement.

Section 3.2 Commencement of Electricity Supply

(a) Beginning as of the Commencement Date for each specific Customer Group on a specific Transaction, Seller shall provide the applicable Requirements to the Buyer. For purposes of certainty: Seller's obligations on the Commencement Date shall be to provide such Requirements for all Default Service Customers identified in the related Confirmation taking service pursuant to the Default Service Tariff as of and including the Commencement Date.

(b) With respect to each person or entity that becomes a Default Service Customer subsequent to the applicable Commencement Date, Seller shall provide Requirements to the Buyer to meet the needs of the Default Service Customer(s) as of and including the Initiation Date for such customer initiating such service during the applicable Delivery Term.

(c) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by the Buyer. Each notice of Initiation Date shall include the account number, the date Seller's service to the Buyer is to begin for a Default Service Customer and the customer's rate class.

Section 3.3 Termination and Conclusion of Electricity Supply

(a) With respect to each Default Service Customer that terminates Default Service, during the applicable Delivery Term, Seller shall cease providing Requirements to the Buyer for such customer after the Customer Termination Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Customer Termination Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Termination Date shall include the account number, the Customer Termination Date and the customer's rate class.

(c) Seller's obligation to provide Requirements with respect to each specific Customer Group on a specific Transaction shall cease on the applicable Conclusion Date.

Section 3.4 Customer Disconnection Date

(a) With respect to each Default Service Customer whose Default Service is disconnected during the applicable Delivery Term, Seller shall cease providing the applicable Requirements to the Buyer for such customer after the Customer Disconnection Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Customer Disconnection Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Disconnection Date shall include the account number, the Customer Disconnection Date and the customer's rate class.

3.5 Distribution Service Interruptions

Seller acknowledges that interruptions in distribution service occur and may reduce the load served hereunder. Seller further acknowledges and agrees that the Buyer may interrupt distribution service to customers consistent with the Distribution Service Terms and the Competitive Supplier Terms. In no event shall a Party have any liability or obligation to another Party in respect of any such interruptions in distribution service.

3.6 Release of Customer Information

The Buyer will not issue any customer information to Seller unless Seller has first obtained the necessary authorization in accordance with the provisions of the Competitive Supplier Terms.

3.7 Electronic Notification

At Seller's election, the Buyer shall provide notices contemplated by Sections 3.2, 3.3, and 3.4 via electronic file transfer. Such election shall only be effective when Seller (i) establishes an account on the Advantis Value Added Network ("VAN"), and (ii) verifies its ability to transfer files to and receive files from the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt. Seller shall bear all costs to establish an account and all costs of Seller and the Buyer to use the VAN. If Seller fails to pay all VAN costs and charges when due and payable, Seller's election shall not be valid and the Buyer shall no longer be obligated to provide electronic notification.

3.8 Change in Supply; No Prohibition on Programs

(a) Seller acknowledges and agrees that the number of Default Service Customers and the Requirements to meet the needs of such Default Service Customers will fluctuate throughout the Delivery Term and may equal zero. Buyer shall not be liable to Seller for any losses Seller may incur, including but not limited to lost revenues, and losses that may result from any change in Requirements, number or location of Default Service Customers taking service, the location of the Delivery Point(s), the composition of market products or the market for electricity, or change in the Distribution Service Terms or the Default Service Tariff. Seller further acknowledges and agrees that there is no limit on the number of Customer Initiation Dates, Customer Termination Dates and Customer Disconnection Dates.

(b) Seller acknowledges and agrees that the Buyer shall have the right but not the obligation to continue, initiate, support or participate in any programs, promotions, or initiatives designed to or with the effect of encouraging Default Service Customers to leave Default Service for any reason ("Programs"). Nothing in this Agreement shall be construed to require notice to or approval of Seller in order for the Buyer to take any action in relation to Programs.

(c) Seller acknowledges and agrees that the Buyer and Affiliates of the Buyer will not provide Seller preferential access to or use of the Buyer's System and that Seller's sole and exclusive rights and remedies with regard to access to, use or availability of the Buyer's System, and the

Buyer's or Affiliates of the Buyer's obligation to transmit electricity are those rights, remedies and obligations provided under the Distribution Service Terms, the NEPOOL Agreement and the Market Rules and Procedures.

3.9 Uniform Disclosure Requirements

Seller shall provide the Buyer information pertaining to power plant emissions, fuel types, labor information and any other information required by the Buyer to comply with the uniform disclosure requirements contained in 220 CMR 11.00 and any other disclosure regulations which may be imposed upon the Buyer during the term of this Agreement, as such disclosure requirements apply to Default Service provided by Seller pursuant to this Agreement.

Seller shall utilize the NE-GIS to transfer Load Obligations to the Buyer's certificate account in the number equal to the Delivered Energy for Default Service, if any, in a month during the term of a Transaction. Seller shall also utilize the NE-GIS to transfer NE-GIS Certificates to the Buyer's certificate account in an amount equal to the Delivered Energy for Default Service, if any, for each month during the term of a Transaction; provided, that the Companies shall accept any combination of NE-GIS Certificates regardless of source. Such Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller at least five (5) Business Days prior to the close of the applicable Trading Period. The Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller to an account within the NE-GIS designated by the Buyer.

ARTICLE 4. SALE AND PURCHASE

ARTICLE 5. AMOUNT, BILLING and PAYMENT

Section 5.1 Amount

The amount payable by the Buyer to Seller shall be the sum of the amounts for all applicable Transactions.

Section 5.2 Billing and Payment

(a) On or before the tenth (10th) day of each month during the Term, Seller shall calculate the amount due and payable to Seller for Delivered Energy with respect to the preceding month (the "Calculation"). Seller shall provide the Calculation to the Buyer and such Calculation shall include sufficient detail for the Buyer to verify its formulation and computation. Calculations under this paragraph shall be subject to recalculation in accordance with Article 6 and shall be subject to adjustment (positive or negative) based upon such recalculation (a "Reconciliation Adjustment"). Seller shall promptly calculate the Reconciliation Adjustment upon receiving data described in Section 6.3 and shall include the adjustment, if any, in the next month's Invoice. A Reconciliation Adjustment based upon a change in the quantity for an earlier month shall be

calculated using the applicable Contract Rate for the month in which the Delivered Energy was received.

(b) Seller shall submit to the Buyer an invoice with such Calculation as provided for in paragraph (a) of this Section (the “Invoice”) and the respective amounts due under this Agreement not later than the tenth (10th) day of each month. The Buyer shall pay Seller the amount of the Invoice (including the Reconciliation Adjustment, if any, as a debit or credit) less any amounts disputed in accordance with Section 5.3, on or before the later of the (i) tenth (10th) day after receiving the Invoice, and (ii) the twenty-fifth (25th) day of the month in which such Invoice was received (the “Due Date”). Except for amounts disputed in accordance with Section 5.3, if all or any part of the Invoice remains unpaid after the Due Date, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at the Interest Rate in effect on the Due Date. The Due Date for a Reconciliation Adjustment shall be the Due Date of the Invoice in which it is included.

(c) Each Party shall notify the other Party upon becoming aware of an error in an Invoice, Calculation or Reconciliation Adjustment (whether the amount is paid or not) and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent invoices, with interest accrued at the Interest Rate from the date three Business Days after the receipt of the notice of overpayment until the date overpayment is reimbursed or deducted.

Section 5.3 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the accuracy of Calculations, Invoices, Reconciliation Adjustments and data no later than twenty-four (24) months after the Due Date of the Invoice in which the disputed information is contained; (ii) if a Party does not challenge the accuracy within such twenty-four (24) month period, such Invoice shall be binding upon that Party and shall not be subject to challenge. With respect to amounts paid that are later disputed, upon notice of dispute, the Party receiving payment shall hold the amount in dispute in escrow for the benefit of the prevailing Party until the resolution of such dispute. If any amount in dispute is ultimately determined (under the terms herein) to be due to the other Party, it shall be paid or returned (as the case may be) to the other Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate from the (i) date due and owing in accordance with the Invoice until the date paid or (ii) if the amount was paid and is to be returned, from the date paid, until the date returned.

Section 5.4 Taxes, Fees and Levies

Subject to the immediately following sentence, Seller shall be obligated to pay all present and future taxes, fees and levies (“Taxes”) which may be assessed by any entity upon the Seller's performance under this Agreement including but not limited to the purchase and sale of electricity and MA New Renewable Generation Certificates. Seller shall pay all Taxes with respect to the Requirements up to the Delivery Point, and the Buyer will pay all Taxes with respect to the Requirements at and after the Delivery Point. All Requirements, including electricity and other

related market products delivered hereunder by Seller to the Buyer shall be sales for resale with the Buyer reselling such electricity and products.

If any new obligations are imposed by state law on or after the Effective Date in connection with the retail sale of electric energy to Default Service Customers, Seller shall have no obligation to the Buyer under this Agreement for such new obligations.

Section 5.5 Netting and Setoff

Except for any security provided pursuant to this Agreement (which shall not be considered for purposes of this Section 5.5) and unless otherwise specified in another agreement between the Parties, if the Parties are required to pay an amount in the same month each to the other under this Agreement or any other agreement between the Parties, or if any costs that are a Party's responsibility under this Agreement are incorrectly or inappropriately charged to the Party by the ISO, such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts owed. Each Party reserves all rights, setoffs, counterclaims and other remedies and defenses (to the extent not expressly herein or therein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Agreement or the other agreement. Further, if the Buyer incurs any costs or charges that are the responsibility of Seller under this Agreement, such costs or charges may, at the Buyer's election, be netted against any amount due to Seller under this Agreement. All outstanding obligations to make payment under this Agreement or any other agreement between the Parties may be netted against each other, set off or recouped there from, or otherwise adjusted.

**ARTICLE 6. QUALITY; LOSSES and QUANTITIES REQUIRED;
DETERMINATION AND REPORTING OF HOURLY LOADS**

Section 6.1 Quality

All electricity shall be delivered to the Buyer in the form of three-phase sixty-hertz alternating current at the applicable Delivery Point.

Section 6.2 Losses

Seller shall be responsible for all transmission and distribution losses and the costs related to such losses and associated with the Requirements, namely, losses from the applicable Delivery Point to the meters of the Default Service Customers. Seller shall provide to the Buyer at the applicable Delivery Point quantities of electricity and ancillary services, capacity and all other market products related thereto to cover such losses from the applicable Delivery Point to the meters of Default Service Customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with NEPOOL's and the Buyer's procedures for loss determination.

Section 6.3 Determination and Reporting of Hourly Loads

(a) The Buyer will estimate the Delivered Energy for Default Service provided by Seller pursuant to each Transaction based upon average load profiles developed for each of the Buyer's customer classes and the Buyer's actual total hourly load. The Buyer shall report both to the ISO and to the Seller the estimated Delivered Energy for each Transaction. The Buyer will normally report to the ISO and to Seller Seller's estimated Delivered Energy by 1:00 P.M. EPT of the second following Business Day after delivery. Appendix A provides a general description of the estimation process that the Buyer will initially employ (the "Estimation Process"). The Buyer shall have the right, but not the obligation, in its sole and exclusive judgment, to modify the Estimation Process from time to time, provided that any such modification is designed with the objective of improving the accuracy of the Estimation Process.

Each month, the Buyer shall reconcile the Buyer's estimate of the Delivered Energy for each Transaction based upon the Buyer's meter reads (such meter reads as provided for in the Distribution Service Terms). The reconciliation, including all losses, shall be the adjusted Delivered Energy. The Buyer will normally notify the ISO of any resulting adjustment (debit or credit) to Seller's account for the Load Assets identified in a specific Transaction no later than the last day of the third month following the billing month. Appendix A provides a general description of this reconciliation process, which process may be changed by the Buyer from time to time in its sole and exclusive discretion, provided that such changes are not inconsistent with the Market Rules and Procedures.

Section 6.4 ISO Settlement Market System Implementation

As soon as possible after the execution of a Confirmation related to a specific Transaction and before the applicable Commencement Date, the Buyer shall assign to Seller, and Seller shall accept assignment of an Ownership Share for each Load Asset identified in such Confirmation. Such assignment shall be effective beginning on the applicable Commencement Date. Seller shall maintain such ownership until the Conclusion Date (or, if earlier, the termination date for the Terminated Transactions, established in accordance with 7.2(a)). Seller shall take any and all actions necessary to effectuate such assignment and, if applicable in accordance with the foregoing, transfer, including executing documents required by the ISO. Once Seller's provision of Default Service terminates (effective the date after the applicable Conclusion Date or, if earlier, the termination date for the Terminated Transactions, established in accordance with 7.2(a)), the Buyer will terminate Seller's Ownership Shares of the aforementioned Load Assets.

The Buyer shall have the right to change the Load Asset designations (identified above) from time to time, consistent with the definition and provision of Default Service. If and to the extent such designations change, the Buyer and Seller shall cooperate to timely put into effect the necessary ISO Settlement Market System contracts that may be necessary to implement the new designations and terminate the prior designations.

ARTICLE 7. DEFAULT AND TERMINATION

ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 8.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. It shall either be sent by facsimile (with receipt confirmed by telephone), courier, personally delivered (including overnight delivery service) or mailed, postage prepaid, to the representative of the other Party designated in accordance with this Article. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone, (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service) or (iii) seven (7) days after deposit in the United States mail, if sent by first class mail return receipt requested.

Notices and other communications by Seller to the Buyer shall be addressed to:

Mr. Michael J. Hager
Vice President, Energy Supply – New England
National Grid USA Service Company, Inc.
55 Bearfoot Road
Northborough, MA 01532
(508) 421-7350 (phone)
(508) 421-7335 (fax)

and

Notices concerning Article 7 shall also be sent to:

General Counsel
National Grid USA Service Company, Inc.
25 Research Drive
Westborough, MA 01582
(508) 389-9000 (phone)
(508) 389-2605 (fax)

Notices and other communications by the Buyer to Seller shall be addressed to:

Any Party may change its representative or address for notices by written notice to the other Party; however such notice shall not be effective until it is received by the other Party.

Section 8.2 Authority of Representative

The Parties' representatives shall have full authority to act for their respective Party in all matters relating to the performance of this Agreement. Notwithstanding the foregoing, a Party's

representative shall not have the authority to amend, modify, or waive any provision of this Agreement unless they are duly authorized officers of their respective entities and such amendment, modification or waiver is made in accordance with Article 17.

ARTICLE 9. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.2) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

Section 9.2 Indemnification

(a) Seller agrees to defend, indemnify and save the Buyer, its officers, directors, employees, agents, successors assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by Seller, (b) any violation of applicable law, regulation or order by Seller, (c) any act or omission by Seller with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or Affiliate of the Buyer or its respective successors or assigns.

(b) The Buyer agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successor, assigns, and Affiliates and their officers, directors, employees and

agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of representation or warranty or failure to perform any covenant or agreement in this Agreement by said Buyer, (b) any violation of applicable law, regulation or order by said Buyer, (c) any act or omission by the Buyer, with respect to this Agreement first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Seller or its respective successors or assigns.

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by such delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

Section 9.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of Requirements for Default Service.

ARTICLE 10. ASSIGNMENT

Section 10.1 General Prohibition Against Assignments

Except as provided in Section 10.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 10.2 Exceptions to Prohibition Against Assignments

(a) Seller may, without the Buyer's prior written consent, collaterally assign this Agreement in connection with financing arrangements provided that any such collateral assignment that provides for the Buyer to direct payments to the collateral agent (i) shall be in writing, (ii) shall not be altered or amended without prior written notice to the Buyer from both Seller and the collateral agent, and (iii) provided that any payment made by the Buyer to the collateral agent shall discharge the Buyer's obligation as fully and to the same extent as if it had been made to the Seller.

Seller must provide the Buyer at least ten (10) days advance written notice of collateral assignment and provide copies of any such assignment and relevant agreements or writings.

(b) Either Party may, upon written notice, assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any Affiliate or to any corporation or other entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such Affiliate or other entity agrees to be bound by the terms hereof and provided further, that such other Affiliate's or entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment.

ARTICLE 11. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

ARTICLE 12. FORCE MAJEURE

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of NEPOOL, the Buyer or an Affiliate of the Buyer necessary to provide service to the Buyer's customers which are taking service pursuant to the Default Service Tariff and (ii) it is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (A) fluctuations in Default Service, (B) the cost to a Party to overcome or avoid, or cause to be avoided, the event or circumstance affecting such Party's performance or (C) events affecting the availability or cost of operating any generating facility.

(b) To the extent that either Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations hereunder and (i) such Party gives notice and detail of the Force Majeure to the other Party as soon as practicable after the onset of the Force Majeure, including an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure, and (iii) the Party claiming Force Majeure uses commercially reasonable efforts to remedy or remove the inability to perform caused by Force Majeure, then the affected Party shall be excused from the performance of its obligations prevented by Force Majeure. However, neither Party shall be required to pay for any obligation the performance of which is excused by Force Majeure. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute are contrary to its interest. It is understood and agreed that the settlement of strikes,

walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the dispute.

(c) No obligations of either Party which arose before the Force Majeure occurrence causing the suspension of performance are excused as a result of the occurrence.

(d) Prior to the resumption of performance suspended as a result of a Force Majeure occurrence, the Party claiming the Force Majeure shall give the other Party written notice of such resumption.

ARTICLE 13. WAIVERS

No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. The waiver of any single breach or default of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

ARTICLE 14. LAWS AND REGULATIONS

(a) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable Federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authorities having jurisdiction hereof.

(b) The rates, terms and conditions contained in this Agreement are not subject to change under Section 205 of the Federal Power Act as that section may be amended or superceded, absent the mutual written agreement of the Parties. Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements entered into in connection with this Agreement. By this provision, each Party expressly waives its right to seek or support: (i) an order from the Commission finding that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in the Agreement are unjust and unreasonable; or (ii) any refund with respect thereto. Each Party agrees not to make or support such a filing or request, and that these covenants and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter.

(c) Absent the agreement of all Parties to a proposed change, the standard of review for changes to this Agreement proposed by a non-party or the Commission acting sua sponte shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION

Section 15.1 Governing Law

The Agreement shall be governed by and construed and performed in accordance with and the laws of the Commonwealth of Massachusetts, without giving effect to its conflict of laws principles.

Section 15.2 Dispute Resolution

All disputes between the Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of the Buyer designated by the Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) days of receipt of the notice, or such other period to which the Parties may jointly agree, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted in Boston, Massachusetts before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, Seller and the Buyer shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past substantial business or financial relationships with either Party or a witness for either Party and shall not have a direct or indirect interest in any Party or the subject matter of the arbitration. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the then-current arbitration rules of the CPR Institute for Dispute Resolution (formerly known as the Center for Public Resources), unless otherwise mutually agreed by the Parties. There shall be no formal discovery conducted in connection with the arbitration unless otherwise mutually agreed by the Parties; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefor, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants unless the arbitrator(s), based upon a determination of good cause, awards attorneys fees and legal and other costs to the prevailing Party. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 15.3. The decision of the arbitrator(s) may be appealed

solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act.

Section 15.3 Venue; Waiver of Jury Trial

Each Party hereto irrevocably (i) submits to the exclusive jurisdiction of the federal and state courts located in the Commonwealth of Massachusetts; (ii) waives any objection which it may have to the laying of venue of any proceedings brought in any such court; and (iii) waives any claim that such proceedings have been brought in an inconvenient forum. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT.

ARTICLE 16. SEVERABILITY

Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

ARTICLE 17. MODIFICATIONS

No modification or amendment of this Agreement will be binding on any Party unless it is in writing and signed by both Parties.

ARTICLE 18. ENTIRE AGREEMENT

This Master Power Agreement, including the Appendices, any Confirmations relating to specific Transactions, the tariffs and agreements referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or undertakings contained in any material provided or otherwise made available by the Seller or the Buyer to each other. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby and specifically excludes written agreements executed by the Parties prior to the Effective Date.

ARTICLE 19. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

ARTICLE 20. INTERPRETATION; CONSTRUCTION

The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation". The Parties acknowledge that, each Party and its counsel have reviewed and or revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and it is the result of joint discussion and negotiation.

ARTICLE 21. REPRESENTATIONS; WARRANTIES AND COVENANTS

(1) Each Party represents to the other Party, on the Effective Date, on the date of entering into each Transaction, and continuing throughout the term of this Agreement as follows:

(a) It is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation and has all requisite power and authority to carry on its business as is now being conducted, including all regulatory authorizations as necessary for it to legally perform its obligations hereunder.

(b) It has full power and authority to execute and deliver the Master Power Agreement and any and all Confirmations related to Transactions and to consummate and perform the transactions contemplated hereby and thereby. The Master Power Agreement and the Confirmations have been duly and validly executed and delivered by it, and, assuming that the Master Power Agreement, together with any and all Confirmations, constitutes a valid and binding agreement of the other Party, constitute together its valid and binding agreement, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, or the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which it is bound, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

(d) No declaration, filing with, notice to, or authorization, permit, consent or approval of any Governmental Authority is required for the execution and delivery of the Master Power

Agreement and any and all Confirmations related to a Transaction by it or the performance by it of its obligations hereunder and thereunder, other than such declarations, filings, registrations, notices, authorizations, permits, consents or approvals which, if not obtained or made, will not, in the aggregate, have a Material Adverse Effect.

(e) Neither the execution and delivery of the Master Power Agreement or any and all Confirmations by it will, nor the performance by it of its obligations under the Master Power Agreement and any and all Confirmations related to Transactions will or does, (i) conflict with or result in any breach of any provision of its Certificate or Articles of Incorporation or Bylaws, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

(f) There are no claims, actions, proceedings or investigations pending or, to its knowledge, threatened against or relating to it before any governmental authority acting in an adjudicative capacity relating to the transactions contemplated hereby that could have a Material Adverse Effect. It is not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court or governmental authority which, individually or in the aggregate, would create a Material Adverse Effect.

(g) With respect to Seller, (i) it and the ISO have fully executed a Market Participant Service Agreement ("Seller's MPSA"), and have undertaken actions to obtain approval of the Commission consistent with Subsection 7.1 of the MPSA, and (ii) for any date on and after the Commission first accepts or approves the Seller's MPSA, the ISO has not filed with the Commission a notice of termination of the Seller's MPSA.

(h) It is acting for its own account, has made its own independent decision to enter into the Master Power Agreement and any and all Confirmations related to Transactions and as to whether the Master Power Agreement and such Confirmation is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of the Master Power Agreement and such Confirmation.

(2) Each Party represents to the other Party, on the Effective Date and on the date of entering into each Transaction that there are no bankruptcy, insolvency, reorganization, receivership or other similar proceedings pending or being contemplated by it, or of its knowledge threatened against it.

ARTICLE 22. CONSENTS AND APPROVALS

The Parties shall cooperate so that each Party may take such actions as necessary and required for the other Party to effectuate and comply with this Agreement including to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of all other entities, in the case of each of the foregoing clauses (i), (ii) and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement. The Buyer shall have the right to review and approve in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing, press release or public announcement made in connection with the transactions contemplated hereby.

ARTICLE 23. CONFIDENTIALITY

Neither Seller nor the Buyer shall provide copies of or disclose the information contained in Article 2, Article 4, or Article 7 of the Master Power Agreement or in any subsequent Confirmations, and Buyer shall not disclose the identity of Seller (collectively, the “Confidential Terms”), to any third party without the prior written consent of the other Party; provided, however, that either Party, or any of its Affiliates, may provide copies or information regarding this Agreement to: (i) any regulatory agency requesting and/or requiring such Confidential Terms; (2) its suppliers; provided, further, in the case of (1) and (2), any such disclosure must include a request for confidential treatment of the Confidential Terms from the copies of the Agreement which are placed in the public record or otherwise made available to third parties or Seller’s suppliers, and (3) an Affiliate if related to the Party’s performance of its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Master Power Agreement on their behalf as of the date first above written.

MASSACHUSETTS ELECTRIC COMPANY

Name (print): _____
Title: _____

Name (print): _____
Title: _____

APPENDIX A
ESTIMATION OF SELLER HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the power pool to meet the region's electrical requirements reliably, and at the lowest possible cost. As a result, a supplier's electricity production may not match the demand of its customers. In each hour some suppliers with low cost production units or that contract for the output of such units are net sellers of electricity to the pool, while other suppliers are purchasing power from the pool to meet the demand of their customers. To determine the extent to which suppliers are net buyers or sellers on an hourly basis, it is necessary to estimate the hourly aggregate demand for all of the customers served by each supplier. The Buyer will estimate Seller's Default Service load obligations within the Buyer's Service Territory and report the hourly results to the ISO on a daily basis.

The estimation process is a cost-effective approach to producing results that are reliable, unbiased and reasonably accurate. The hourly load estimates will be based on rate class load profiles, which will be developed from statistically designed samples. Each day, the class load shapes will be scaled to the population of customers served by each supplier. In cases where telemetered data on individual customers is available, it will be used in place of the estimated shapes. On a monthly basis, the estimates will be refined by incorporating actual usage data obtained from meter readings. In both processes, the sum of all suppliers' estimated loads will match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

The daily process estimates the hourly load for each supplier for the previous day. The following is an outline of this process:

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.
- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.
- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.
- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Buyer's actual hourly metered loads (as metered at the point of delivery to the distribution system) by allocating any differences to suppliers in proportion to their estimated load.
- Adjust the hourly supplier estimates to include transmission losses within the Buyer's transmission system.
- Submit the hourly loads to the ISO.

After the Buyer has submitted the supplier hourly loads, the ISO will allocate PTF losses to the supplier's account during the settlement process.

Monthly Reconciliation Process

The monthly process will improve the estimates of supplier loads by incorporating the most recent customer usage information, which will be available after the monthly meter readings are processed. The actual customer meter readings, as well as actual interval data for the largest customers, are used to re-estimate all of the days in the calendar month being reconciled. Updates to customers' account status and supplier assignments that may have been missed during the daily processing (due to timing) are included. The resulting hourly supplier load estimates for all the days in the month are reported and used by the ISO as the basis for the monthly resettlement.

APPENDIX B
MASTER POWER AGREEMENT
FORM OF CONFIRMATION

This Confirmation shall confirm the Transaction agreed to on, and effective as of _____ between **MASSACHUSETTS ELECTRIC COMPANY**], a Massachusetts corporation (“Buyer”) and _____ (“Seller”) regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated March 16, 2005 (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Default Service Requirements Matrix.

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
TBD	TBD	TBD	TBD	TBD	TBD

2. Contract Rate.

Award Block	Customer Group	Load Zone	TBD	TBD	TBD	TBD	TBD	TBD
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

3. Load Asset Designation within the ISO Settlement Market System.

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
TBD	TBD	TBD	TBD	TBD

4. RPS Requirement.

[To be determined for each Transaction]

5. Amount Payable.

[To be determined for each Transaction]

6. Modifications to the Master Power Agreement.

[To be determined for each Transaction]

7. Security.

[To be determined for each Transaction]

8. Ratification of the Terms and Conditions of the Agreement.

Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

9. Counterparts.

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

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IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Confirmation on their behalf as of the date first above written

MASSACHUSETTS ELECTRIC COMPANY

Name (print): _____

Title: _____

Name (print): _____

Title: _____

APPENDIX C

FORM OF GUARANTY

**MASTER POWER AGREEMENT
CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of, March 16, 2005 (“Confirmation Effective Date”) between **MASSACHUSETTS ELECTRIC COMPANY**, a Massachusetts corporation (“Buyer”), and _____ (“Seller”) regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated March 16, 2005 (the “Master Power Agreement”), between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

MASTER POWER AGREEMENT

This **MASTER POWER AGREEMENT** (“Master Power Agreement”) is dated as of March 16, 2005 (the “Effective Date”) and is by and between **NANTUCKET ELECTRIC COMPANY**, a Massachusetts corporation (“Buyer”), and (“Seller”). The Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties.”

ARTICLE 1. BASIC UNDERSTANDINGS

Seller and Buyer have agreed to execute this Master Power Agreement in order to establish the basic terms of Seller’s provision and sale of, and Buyer’s acceptance and purchase of, Default Service. This Master Power Agreement, together with the Appendices and written supplements (including any Confirmations) hereto, and any designated collateral, credit support or margin agreement or similar arrangement between the Parties regarding the Transactions (as defined in Article 2), shall be referred to as the “Agreement” and shall constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter but specifically excluding written agreements executed by the Parties prior to the Effective Date.

ARTICLE 2. DEFINITIONS

ARTICLE 3. TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS

Section 3.1 Term

The term of this Master Power Agreement (the “Term”) shall commence on the Effective Date and shall remain in effect until terminated by either Party upon thirty (30) days’ prior written notice; provided, however, that such termination shall not affect or excuse the performance of either Party under any provision of this Master Power Agreement that by its terms survives any such termination and, provided further, that this Master Power Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s), or such Transaction(s) have been terminated under Section 7.2 of this Master Power Agreement. As of the termination of this Master Power Agreement, subject to the immediately foregoing sentence, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Master Power Agreement before such expiration or termination or (b) that such terms and provisions expressly or by their operation survive the termination or expiration of this Master Power Agreement.

Section 3.2 Commencement of Electricity Supply

(a) Beginning as of the Commencement Date for each specific Customer Group on a specific Transaction, Seller shall provide the applicable Requirements to the Buyer. For purposes of certainty: Seller's obligations on the Commencement Date shall be to provide such Requirements for all Default Service Customers identified in the related Confirmation taking service pursuant to the Default Service Tariff as of and including the Commencement Date.

(b) With respect to each person or entity that becomes a Default Service Customer subsequent to the applicable Commencement Date, Seller shall provide Requirements to the Buyer to meet the needs of the Default Service Customer(s) as of and including the Initiation Date for such customer initiating such service during the applicable Delivery Term.

(c) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by the Buyer. Each notice of Initiation Date shall include the account number, the date Seller's service to the Buyer is to begin for a Default Service Customer and the customer's rate class.

Section 3.3 Termination and Conclusion of Electricity Supply

(a) With respect to each Default Service Customer that terminates Default Service, during the applicable Delivery Term, Seller shall cease providing Requirements to the Buyer for such customer after the Customer Termination Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Customer Termination Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Termination Date shall include the account number, the Customer Termination Date and the customer's rate class.

(c) Seller's obligation to provide Requirements with respect to each specific Customer Group on a specific Transaction shall cease on the applicable Conclusion Date.

Section 3.4 Customer Disconnection Date

(a) With respect to each Default Service Customer whose Default Service is disconnected during the applicable Delivery Term, Seller shall cease providing the applicable Requirements to the Buyer for such customer after the Customer Disconnection Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Customer Disconnection Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Disconnection Date shall include the account number, the Customer Disconnection Date and the customer's rate class.

3.5 Distribution Service Interruptions

Seller acknowledges that interruptions in distribution service occur and may reduce the load served hereunder. Seller further acknowledges and agrees that the Buyer may interrupt distribution service to customers consistent with the Distribution Service Terms and the Competitive Supplier Terms. In no event shall a Party have any liability or obligation to another Party in respect of any such interruptions in distribution service.

3.6 Release of Customer Information

The Buyer will not issue any customer information to Seller unless Seller has first obtained the necessary authorization in accordance with the provisions of the Competitive Supplier Terms.

3.7 Electronic Notification

At Seller's election, the Buyer shall provide notices contemplated by Sections 3.2, 3.3, and 3.4 via electronic file transfer. Such election shall only be effective when Seller (i) establishes an account on the Advantis Value Added Network ("VAN"), and (ii) verifies its ability to transfer files to and receive files from the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt. Seller shall bear all costs to establish an account and all costs of Seller and the Buyer to use the VAN. If Seller fails to pay all VAN costs and charges when due and payable, Seller's election shall not be valid and the Buyer shall no longer be obligated to provide electronic notification.

3.8 Change in Supply; No Prohibition on Programs

(a) Seller acknowledges and agrees that the number of Default Service Customers and the Requirements to meet the needs of such Default Service Customers will fluctuate throughout the Delivery Term and may equal zero. Buyer shall not be liable to Seller for any losses Seller may incur, including but not limited to lost revenues, and losses that may result from any change in Requirements, number or location of Default Service Customers taking service, the location of the Delivery Point(s), the composition of market products or the market for electricity, or change in the Distribution Service Terms or the Default Service Tariff. Seller further acknowledges and agrees that there is no limit on the number of Customer Initiation Dates, Customer Termination Dates and Customer Disconnection Dates.

(b) Seller acknowledges and agrees that the Buyer shall have the right but not the obligation to continue, initiate, support or participate in any programs, promotions, or initiatives designed to or with the effect of encouraging Default Service Customers to leave Default Service for any reason ("Programs"). Nothing in this Agreement shall be construed to require notice to or approval of Seller in order for the Buyer to take any action in relation to Programs.

(c) Seller acknowledges and agrees that the Buyer and Affiliates of the Buyer will not provide Seller preferential access to or use of the Buyer's System and that Seller's sole and exclusive rights and remedies with regard to access to, use or availability of the Buyer's System, and the

Buyer's or Affiliates of the Buyer's obligation to transmit electricity are those rights, remedies and obligations provided under the Distribution Service Terms, the NEPOOL Agreement and the Market Rules and Procedures.

3.9 Uniform Disclosure Requirements

Seller shall provide the Buyer information pertaining to power plant emissions, fuel types, labor information and any other information required by the Buyer to comply with the uniform disclosure requirements contained in 220 CMR 11.00 and any other disclosure regulations which may be imposed upon the Buyer during the term of this Agreement, as such disclosure requirements apply to Default Service provided by Seller pursuant to this Agreement.

Seller shall utilize the NE-GIS to transfer Load Obligations to the Buyer's certificate account in the number equal to the Delivered Energy for Default Service, if any, in a month during the term of a Transaction. Seller shall also utilize the NE-GIS to transfer NE-GIS Certificates to the Buyer's certificate account in an amount equal to the Delivered Energy for Default Service, if any, for each month during the term of a Transaction; provided, that the Companies shall accept any combination of NE-GIS Certificates regardless of source. Such Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller at least five (5) Business Days prior to the close of the applicable Trading Period. The Load Obligations or NE-GIS Certificates, as applicable, shall be delivered by Seller to an account within the NE-GIS designated by the Buyer.

ARTICLE 4. SALE AND PURCHASE

ARTICLE 5. AMOUNT, BILLING and PAYMENT

Section 5.1 Amount

The amount payable by the Buyer to Seller shall be the sum of the amounts for all applicable Transactions.

Section 5.2 Billing and Payment

(a) On or before the tenth (10th) day of each month during the Term, Seller shall calculate the amount due and payable to Seller for Delivered Energy with respect to the preceding month (the "Calculation"). Seller shall provide the Calculation to the Buyer and such Calculation shall include sufficient detail for the Buyer to verify its formulation and computation. Calculations under this paragraph shall be subject to recalculation in accordance with Article 6 and shall be subject to adjustment (positive or negative) based upon such recalculation (a "Reconciliation Adjustment"). Seller shall promptly calculate the Reconciliation Adjustment upon receiving data described in Section 6.3 and shall include the adjustment, if any, in the next month's Invoice. A Reconciliation Adjustment based upon a change in the quantity for an earlier month shall be

calculated using the applicable Contract Rate for the month in which the Delivered Energy was received.

(b) Seller shall submit to the Buyer an invoice with such Calculation as provided for in paragraph (a) of this Section (the “Invoice”) and the respective amounts due under this Agreement not later than the tenth (10th) day of each month. The Buyer shall pay Seller the amount of the Invoice (including the Reconciliation Adjustment, if any, as a debit or credit) less any amounts disputed in accordance with Section 5.3, on or before the later of the (i) tenth (10th) day after receiving the Invoice, and (ii) the twenty-fifth (25th) day of the month in which such Invoice was received (the “Due Date”). Except for amounts disputed in accordance with Section 5.3, if all or any part of the Invoice remains unpaid after the Due Date, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at the Interest Rate in effect on the Due Date. The Due Date for a Reconciliation Adjustment shall be the Due Date of the Invoice in which it is included.

(c) Each Party shall notify the other Party upon becoming aware of an error in an Invoice, Calculation or Reconciliation Adjustment (whether the amount is paid or not) and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent invoices, with interest accrued at the Interest Rate from the date three Business Days after the receipt of the notice of overpayment until the date overpayment is reimbursed or deducted.

Section 5.3 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the accuracy of Calculations, Invoices, Reconciliation Adjustments and data no later than twenty-four (24) months after the Due Date of the Invoice in which the disputed information is contained; (ii) if a Party does not challenge the accuracy within such twenty-four (24) month period, such Invoice shall be binding upon that Party and shall not be subject to challenge. With respect to amounts paid that are later disputed, upon notice of dispute, the Party receiving payment shall hold the amount in dispute in escrow for the benefit of the prevailing Party until the resolution of such dispute. If any amount in dispute is ultimately determined (under the terms herein) to be due to the other Party, it shall be paid or returned (as the case may be) to the other Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate from the (i) date due and owing in accordance with the Invoice until the date paid or (ii) if the amount was paid and is to be returned, from the date paid, until the date returned.

Section 5.4 Taxes, Fees and Levies

Subject to the immediately following sentence, Seller shall be obligated to pay all present and future taxes, fees and levies (“Taxes”) which may be assessed by any entity upon the Seller's performance under this Agreement including but not limited to the purchase and sale of electricity and MA New Renewable Generation Certificates. Seller shall pay all Taxes with respect to the Requirements up to the Delivery Point, and the Buyer will pay all Taxes with respect to the Requirements at and after the Delivery Point. All Requirements, including electricity and other

related market products delivered hereunder by Seller to the Buyer shall be sales for resale with the Buyer reselling such electricity and products.

If any new obligations are imposed by state law on or after the Effective Date in connection with the retail sale of electric energy to Default Service Customers, Seller shall have no obligation to the Buyer under this Agreement for such new obligations.

Section 5.5 Netting and Setoff

Except for any security provided pursuant to this Agreement (which shall not be considered for purposes of this Section 5.5) and unless otherwise specified in another agreement between the Parties, if the Parties are required to pay an amount in the same month each to the other under this Agreement or any other agreement between the Parties, or if any costs that are a Party's responsibility under this Agreement are incorrectly or inappropriately charged to the Party by the ISO, such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts owed. Each Party reserves all rights, setoffs, counterclaims and other remedies and defenses (to the extent not expressly herein or therein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Agreement or the other agreement. Further, if the Buyer incurs any costs or charges that are the responsibility of Seller under this Agreement, such costs or charges may, at the Buyer's election, be netted against any amount due to Seller under this Agreement. All outstanding obligations to make payment under this Agreement or any other agreement between the Parties may be netted against each other, set off or recouped there from, or otherwise adjusted.

**ARTICLE 6. QUALITY; LOSSES and QUANTITIES REQUIRED;
DETERMINATION AND REPORTING OF HOURLY LOADS**

Section 6.1 Quality

All electricity shall be delivered to the Buyer in the form of three-phase sixty-hertz alternating current at the applicable Delivery Point.

Section 6.2 Losses

Seller shall be responsible for all transmission and distribution losses and the costs related to such losses and associated with the Requirements, namely, losses from the applicable Delivery Point to the meters of the Default Service Customers. Seller shall provide to the Buyer at the applicable Delivery Point quantities of electricity and ancillary services, capacity and all other market products related thereto to cover such losses from the applicable Delivery Point to the meters of Default Service Customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with NEPOOL's and the Buyer's procedures for loss determination.

Section 6.3 Determination and Reporting of Hourly Loads

(a) The Buyer will estimate the Delivered Energy for Default Service provided by Seller pursuant to each Transaction based upon average load profiles developed for each of the Buyer's customer classes and the Buyer's actual total hourly load. The Buyer shall report both to the ISO and to the Seller the estimated Delivered Energy for each Transaction. The Buyer will normally report to the ISO and to Seller Seller's estimated Delivered Energy by 1:00 P.M. EPT of the second following Business Day after delivery. Appendix A provides a general description of the estimation process that the Buyer will initially employ (the "Estimation Process"). The Buyer shall have the right, but not the obligation, in its sole and exclusive judgment, to modify the Estimation Process from time to time, provided that any such modification is designed with the objective of improving the accuracy of the Estimation Process.

Each month, the Buyer shall reconcile the Buyer's estimate of the Delivered Energy for each Transaction based upon the Buyer's meter reads (such meter reads as provided for in the Distribution Service Terms). The reconciliation, including all losses, shall be the adjusted Delivered Energy. The Buyer will normally notify the ISO of any resulting adjustment (debit or credit) to Seller's account for the Load Assets identified in a specific Transaction no later than the last day of the third month following the billing month. Appendix A provides a general description of this reconciliation process, which process may be changed by the Buyer from time to time in its sole and exclusive discretion, provided that such changes are not inconsistent with the Market Rules and Procedures.

Section 6.4 ISO Settlement Market System Implementation

As soon as possible after the execution of a Confirmation related to a specific Transaction and before the applicable Commencement Date, the Buyer shall assign to Seller, and Seller shall accept assignment of an Ownership Share for each Load Asset identified in such Confirmation. Such assignment shall be effective beginning on the applicable Commencement Date. Seller shall maintain such ownership until the Conclusion Date (or, if earlier, the termination date for the Terminated Transactions, established in accordance with 7.2(a)). For Load Assets representing load in the Nantucket Service Territory, Seller shall also accept the transfer of Lead Load Asset Owner ("LLAO") and shall be the LLAO beginning on the applicable Commencement Date and shall remain the LLAO until the applicable Conclusion Date (or, if earlier, the termination date for the Terminated Transactions, established in accordance with 7.2(a)). Seller shall take any and all actions necessary to effectuate such assignment and, if applicable in accordance with the foregoing, transfer, including executing documents required by the ISO. Once Seller's provision of Default Service terminates (effective the date after the applicable Conclusion Date or, if earlier, the termination date for the Terminated Transactions, established in accordance with 7.2(a)), the Buyer will terminate Seller's Ownership Shares and Lead Load Asset Ownership, as applicable, of the aforementioned Load Assets.

The Buyer shall have the right to change the Load Asset designations (identified above) from time to time, consistent with the definition and provision of Default Service. If and to the extent such designations change, the Buyer and Seller shall cooperate to timely put into effect the necessary ISO Settlement Market System contracts that may be necessary to implement the new designations and terminate the prior designations.

ARTICLE 7. DEFAULT AND TERMINATION

ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 8.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. It shall either be sent by facsimile (with receipt confirmed by telephone), courier, personally delivered (including overnight delivery service) or mailed, postage prepaid, to the representative of the other Party designated in accordance with this Article. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone, (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service) or (iii) seven (7) days after deposit in the United States mail, if sent by first class mail return receipt requested.

Notices and other communications by Seller to the Buyer shall be addressed to:

Mr. Michael J. Hager
Vice President, Energy Supply – New England
National Grid USA Service Company, Inc.
55 Bearfoot Road
Northborough, MA 01532
(508) 421-7350 (phone)
(508) 421-7335 (fax)

and

Notices concerning Article 7 shall also be sent to:

General Counsel
National Grid USA Service Company, Inc.
25 Research Drive
Westborough, MA 01582
(508) 389-9000 (phone)
(508) 389-2605 (fax)

Notices and other communications by the Buyer to Seller shall be addressed to:

Any Party may change its representative or address for notices by written notice to the other Party; however such notice shall not be effective until it is received by the other Party.

Section 8.2 Authority of Representative

The Parties' representatives shall have full authority to act for their respective Party in all matters relating to the performance of this Agreement. Notwithstanding the foregoing, a Party's representative shall not have the authority to amend, modify, or waive any provision of this Agreement unless they are duly authorized officers of their respective entities and such amendment, modification or waiver is made in accordance with Article 17.

ARTICLE 9. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.2) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

Section 9.2 Indemnification

(a) Seller agrees to defend, indemnify and save the Buyer, its officers, directors, employees, agents, successors assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by Seller, (b) any violation of applicable law, regulation or order by Seller, (c) any act or omission by Seller with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or Affiliate of the Buyer or its respective successors or assigns.

(b) The Buyer agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successor, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of representation or warranty or failure to perform any covenant or agreement in this Agreement by said Buyer, (b) any violation of applicable law, regulation or order by said Buyer, (c) any act or omission by the Buyer, with respect to this Agreement first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Seller or its respective successors or assigns.

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by such delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

Section 9.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of Requirements for Default Service.

ARTICLE 10. ASSIGNMENT

Section 10.1 General Prohibition Against Assignments

Except as provided in Section 10.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 10.2 Exceptions to Prohibition Against Assignments

(a) Seller may, without the Buyer's prior written consent, collaterally assign this Agreement in connection with financing arrangements provided that any such collateral assignment that provides for the Buyer to direct payments to the collateral agent (i) shall be in writing, (ii) shall not be altered or amended without prior written notice to the Buyer from both Seller and the collateral agent, and (iii) provided that any payment made by the Buyer to the collateral agent shall discharge the Buyer's obligation as fully and to the same extent as if it had been made to the Seller. Seller must provide the Buyer at least ten (10) days advance written notice of collateral assignment and provide copies of any such assignment and relevant agreements or writings.

(b) Either Party may, upon written notice, assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any Affiliate or to any corporation or other entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such Affiliate or other entity agrees to be bound by the terms hereof and provided further, that such other Affiliate's or entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment.

ARTICLE 11. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

ARTICLE 12. FORCE MAJEURE

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of NEPOOL, the Buyer or an Affiliate of the Buyer necessary to provide service to the Buyer's customers which are taking service pursuant to the Default Service Tariff and (ii) it is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (A) fluctuations in Default Service, (B) the cost to a Party to

overcome or avoid, or cause to be avoided, the event or circumstance affecting such Party's performance or (C) events affecting the availability or cost of operating any generating facility.

(b) To the extent that either Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations hereunder and (i) such Party gives notice and detail of the Force Majeure to the other Party as soon as practicable after the onset of the Force Majeure, including an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure, and (iii) the Party claiming Force Majeure uses commercially reasonable efforts to remedy or remove the inability to perform caused by Force Majeure, then the affected Party shall be excused from the performance of its obligations prevented by Force Majeure. However, neither Party shall be required to pay for any obligation the performance of which is excused by Force Majeure. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the dispute.

(c) No obligations of either Party which arose before the Force Majeure occurrence causing the suspension of performance are excused as a result of the occurrence.

(d) Prior to the resumption of performance suspended as a result of a Force Majeure occurrence, the Party claiming the Force Majeure shall give the other Party written notice of such resumption.

ARTICLE 13. WAIVERS

No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. The waiver of any single breach or default of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

ARTICLE 14. LAWS AND REGULATIONS

(a) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable Federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authorities having jurisdiction hereof.

(b) The rates, terms and conditions contained in this Agreement are not subject to change under Section 205 of the Federal Power Act as that section may be amended or superceded, absent the mutual written agreement of the Parties. Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements

entered into in connection with this Agreement. By this provision, each Party expressly waives its right to seek or support: (i) an order from the Commission finding that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in the Agreement are unjust and unreasonable; or (ii) any refund with respect thereto. Each Party agrees not to make or support such a filing or request, and that these covenants and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter.

(c) Absent the agreement of all Parties to a proposed change, the standard of review for changes to this Agreement proposed by a non-party or the Commission acting sua sponte shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION

Section 15.1 Governing Law

The Agreement shall be governed by and construed and performed in accordance with and the laws of the Commonwealth of Massachusetts, without giving effect to its conflict of laws principles.

Section 15.2 Dispute Resolution

All disputes between the Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of the Buyer designated by the Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) days of receipt of the notice, or such other period to which the Parties may jointly agree, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted in Boston, Massachusetts before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, Seller and the Buyer shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past substantial business or financial relationships with either Party or a witness for either Party and shall not have a direct or indirect interest in any Party or the subject matter of the arbitration. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the then-current arbitration rules of the CPR Institute for Dispute Resolution (formerly known as the Center for Public Resources), unless otherwise mutually agreed by the Parties. There shall be no formal discovery conducted in connection with the arbitration unless otherwise mutually agreed by the Parties; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s)

at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefor, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants unless the arbitrator(s), based upon a determination of good cause, awards attorneys fees and legal and other costs to the prevailing Party. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 15.3. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act.

Section 15.3 Venue; Waiver of Jury Trial

Each Party hereto irrevocably (i) submits to the exclusive jurisdiction of the federal and state courts located in the Commonwealth of Massachusetts; (ii) waives any objection which it may have to the laying of venue of any proceedings brought in any such court; and (iii) waives any claim that such proceedings have been brought in an inconvenient forum. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT.

ARTICLE 16. SEVERABILITY

Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

ARTICLE 17. MODIFICATIONS

No modification or amendment of this Agreement will be binding on any Party unless it is in writing and signed by both Parties.

ARTICLE 18. ENTIRE AGREEMENT

This Master Power Agreement, including the Appendices, any Confirmations relating to specific Transactions, the tariffs and agreements referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or undertakings contained in any material provided or otherwise made available by the Seller or the Buyer to each other. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby and specifically excludes written agreements executed by the Parties prior to the Effective Date.

ARTICLE 19. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

ARTICLE 20. INTERPRETATION; CONSTRUCTION

The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation". The Parties acknowledge that, each Party and its counsel have reviewed and or revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and it is the result of joint discussion and negotiation.

ARTICLE 21. REPRESENTATIONS; WARRANTIES AND COVENANTS

(1) Each Party represents to the other Party, on the Effective Date, on the date of entering into each Transaction, and continuing throughout the term of this Agreement as follows:

(a) It is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation and has all requisite power and authority to carry on its business as is now being conducted, including all regulatory authorizations as necessary for it to legally perform its obligations hereunder.

(b) It has full power and authority to execute and deliver the Master Power Agreement and any and all Confirmations related to Transactions and to consummate and perform the transactions contemplated hereby and thereby. The Master Power Agreement and the Confirmations have been duly and validly executed and delivered by it, and, assuming that the Master Power Agreement, together with any and all Confirmations, constitutes a valid and binding agreement of the other Party, constitute together its valid and binding agreement, enforceable against it in

accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, or the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which it is bound, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

(d) No declaration, filing with, notice to, or authorization, permit, consent or approval of any Governmental Authority is required for the execution and delivery of the Master Power Agreement and any and all Confirmations related to a Transaction by it or the performance by it of its obligations hereunder and thereunder, other than such declarations, filings, registrations, notices, authorizations, permits, consents or approvals which, if not obtained or made, will not, in the aggregate, have a Material Adverse Effect.

(e) Neither the execution and delivery of the Master Power Agreement or any and all Confirmations by it will, nor the performance by it of its obligations under the Master Power Agreement and any and all Confirmations related to Transactions will or does, (i) conflict with or result in any breach of any provision of its Certificate or Articles of Incorporation or Bylaws, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

(f) There are no claims, actions, proceedings or investigations pending or, to its knowledge, threatened against or relating to it before any governmental authority acting in an adjudicative capacity relating to the transactions contemplated hereby that could have a Material Adverse Effect. It is not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court or governmental authority which, individually or in the aggregate, would create a Material Adverse Effect.

(g) With respect to Seller, (i) it and the ISO have fully executed a Market Participant Service Agreement ("Seller's MPSA"), and have undertaken actions to obtain approval of the Commission consistent with Subsection 7.1 of the MPSA, and (ii) for any date on and after the Commission first accepts or approves the Seller's MPSA, the ISO has not filed with the Commission a notice of termination of the Seller's MPSA.

(h) It is acting for its own account, has made its own independent decision to enter into the Master Power Agreement and any and all Confirmations related to Transactions and as to

whether the Master Power Agreement and such Confirmation is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of the Master Power Agreement and such Confirmation.

(2) Each Party represents to the other Party, on the Effective Date and on the date of entering into each Transaction that there are no bankruptcy, insolvency, reorganization, receivership or other similar proceedings pending or being contemplated by it, or of its knowledge threatened against it.

ARTICLE 22. CONSENTS AND APPROVALS

The Parties shall cooperate so that each Party may take such actions as necessary and required for the other Party to effectuate and comply with this Agreement including to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of all other entities, in the case of each of the foregoing clauses (i), (ii) and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement. The Buyer shall have the right to review and approve in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing, press release or public announcement made in connection with the transactions contemplated hereby.

ARTICLE 23. CONFIDENTIALITY

Neither Seller nor the Buyer shall provide copies of or disclose the information contained in Article 2, Article 4, or Article 7 of the Master Power Agreement or in any subsequent Confirmations, and Buyer shall not disclose the identity of Seller (collectively, the “Confidential Terms”), to any third party without the prior written consent of the other Party; provided, however, that either Party, or any of its Affiliates, may provide copies or information regarding this Agreement to: (i) any regulatory agency requesting and/or requiring such Confidential Terms; (2) its suppliers; provided, further, in the case of (1) and (2), any such disclosure must include a request for confidential treatment of the Confidential Terms from the copies of the Agreement which are placed in the public record or otherwise made available to third parties or Seller’s suppliers, and (3) an Affiliate if related to the Party’s performance of its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Master Power Agreement on their behalf as of the date first above written.

NANTUCKET ELECTRIC COMPANY

Name (print): _____

Title: _____

Name (print): _____

Title: _____

APPENDIX A
ESTIMATION OF SELLER HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the power pool to meet the region's electrical requirements reliably, and at the lowest possible cost. As a result, a supplier's electricity production may not match the demand of its customers. In each hour some suppliers with low cost production units or that contract for the output of such units are net sellers of electricity to the pool, while other suppliers are purchasing power from the pool to meet the demand of their customers. To determine the extent to which suppliers are net buyers or sellers on an hourly basis, it is necessary to estimate the hourly aggregate demand for all of the customers served by each supplier. The Buyer will estimate Seller's Default Service load obligations within the Buyer's Service Territory and report the hourly results to the ISO on a daily basis.

The estimation process is a cost-effective approach to producing results that are reliable, unbiased and reasonably accurate. The hourly load estimates will be based on rate class load profiles, which will be developed from statistically designed samples. Each day, the class load shapes will be scaled to the population of customers served by each supplier. In cases where telemetered data on individual customers is available, it will be used in place of the estimated shapes. On a monthly basis, the estimates will be refined by incorporating actual usage data obtained from meter readings. In both processes, the sum of all suppliers' estimated loads will match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

The daily process estimates the hourly load for each supplier for the previous day. The following is an outline of this process:

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.
- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.
- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.
- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Buyer's actual hourly metered loads (as metered at the point of delivery to the distribution system) by allocating any differences to suppliers in proportion to their estimated load.
- Adjust the hourly supplier estimates to include transmission losses within the Buyer's transmission system.
- Submit the hourly loads to the ISO.

After the Buyer has submitted the supplier hourly loads, the ISO will allocate PTF losses to the supplier's account during the settlement process.

Monthly Reconciliation Process

The monthly process will improve the estimates of supplier loads by incorporating the most recent customer usage information, which will be available after the monthly meter readings are processed. The actual customer meter readings, as well as actual interval data for the largest customers, are used to re-estimate all of the days in the calendar month being reconciled. Updates to customers' account status and supplier assignments that may have been missed during the daily processing (due to timing) are included. The resulting hourly supplier load estimates for all the days in the month are reported and used by the ISO as the basis for the monthly resettlement.

APPENDIX B
MASTER POWER AGREEMENT
FORM OF CONFIRMATION

This Confirmation shall confirm the Transaction agreed to on, and effective as of _____ between **NANTUCKET ELECTRIC COMPANY**, a Massachusetts corporation (“Buyer”) and (“Seller”) regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated March 16, 2005 (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Default Service Requirements Matrix.

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
TBD	TBD	TBD	TBD	TBD	TBD

2. Contract Rate.

Award Block	Customer Group	Load Zone	TBD	TBD	TBD	TBD	TBD	TBD
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

3. Load Asset Designation within the ISO Settlement Market System.

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
TBD	TBD	TBD	TBD	TBD

4. RPS Requirement.

[To be determined for each Transaction]

5. Amount Payable.

[To be determined for each Transaction]

6. Modifications to the Master Power Agreement.

[To be determined for each Transaction]

7. Security.

[To be determined for each Transaction]

8. Ratification of the Terms and Conditions of the Agreement.

Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

9. Counterparts.

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

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IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Confirmation on their behalf as of the date first above written

NANTUCKET ELECTRIC COMPANY

Name (print): _____

Title: _____

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Name (print): _____

Title: _____

APPENDIX C

FORM OF GUARANTY

**MASTER POWER AGREEMENT
CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of, March 16, 2005 (“Confirmation Effective Date”) between **NANTUCKET ELECTRIC COMPANY**, a Massachusetts corporation (“Buyer”), and (“Seller”), regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated March 16, 2005 (the “Master Power Agreement”), between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.